Decoding Disney’s Marketing Mastery: A Strategic Analysis

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Abstract. Nowadays, the Walt Disney Company is one of the most influential entertainment companies in the world, which is famous for its creativity and unique marketing strategy. Disney used to be just a small animation studio but now it has influence all over the world. To investigate the key factors which made Disney’s successful global expansion and development, this paper did this following research. This research is mainly about Disney’s core business and the marketing strategy used by Disney. The study was conducted through a meticulous analysis of Disney's primary business segments, its overarching business strategies, and its management practices. Furthermore, it examines Disney's brand positioning, market penetration tactics, and customer engagement techniques that collectively forge its competitive advantage. By dissecting the synergy between Disney's content creation and its promotional tactics, this research aims to unravel the intricacies of Disney's approach in nurturing a loyal consumer base and securing its status as an indomitable force in the entertainment industry.

1 Introduction

The Walt Disney Company was created by Walt Disney and his business partner in 1923. It was first named as Disney Brothers Cartoon Studio in Hollywood. At that time, it began to make animated films and short films. In 1937, Disney released its first animated film called Snow White, which not only set box-office records, but also established Disney’s position in the field of animation. In the following decades, Disney produced a series of well-known animated classics, such as Dumbo, Cinderella, and The Lion King. In 1955, Disney opened its first Disneyland in California, which started the era of the Disney theme park kingdom. Since then, Disney has opened several theme parks around the world. In the 1990s, Disney began acquiring large media companies and gradually expanded into television shows, movies, and music. In the early 2000s, Disney began to focus on digital entertainment with the launch of Disney Online and Disney Games. Since 2005, Disney has made a series of acquisitions. First Marvel, then Lucas film, and after that, a majority stake in 21st Century Fox [1]. In 2019, Disney became one of the biggest entertainment corporations in the world, further expanding its reach into new areas including film, TV, streaming media. Now Disney is a multinational company integrating entertainment production, theme parks and media networks.

2 The core business of Disney

2.1 Disney’s animation and films

To begin with, the typical structure of Disney knowledge is distinguished by the preponderance of the cinema media [2]. At present, Disney's content landscape has six parts: Disney, Pixar, Marvel, Star Wars, 20th Century Pictures and National Geographic. Each segment has a large number of audio and video entertainment content and IP, expanding the scope of product coverage from children and teenagers to more diverse audiences. Disney invests most of its time and capital in creating high-quality content, while at the same time maximizing its embrace of technology, first using technology to create conditions for high quality products and using more advanced and precise ways to reach more consumers. Creation is a key factor in the success of Disney animation. The rise of various animation industries has made the audience's vision more demanding than the past, only continuous innovation can attract people. Disney is aware of this point, so it constantly increases the cost of technological innovation. Consumer demand is an important aspect in the development of businesses. Disney not only constantly responds to market needs, but it also prioritizes the development of new markets. Disney broadens the consuming style and audience for animated films, ensuring that its animations are not only liked by children, but also reflect the aesthetic and depth of the younger generation. Disney has created wonderful, animated films that are liked by people of all ages. For example, many people like the animated film "COCO", particularly the family values it included [3]. As a truly global enterprise, Disney also pay attention to the values of globalization in content creation. Disney has put a lot of emphasis on international sourcing in its animated films. In Disney, people can see all kinds of different stories by people from different regions.
2.2 Disney theme park

According to Smith, travel and tourism is the world's largest industry in terms of employment, and it ranks in the top two or three industries in nearly every country on practically every measure [4]. The Walt Disney Company operates theme parks in addition to its media company [5]. In the eyes of many people, Disney Park is the best tourist attraction. Disney parks and products include park tickets, meals, hotel accommodations, and surrounding areas, among other things. There are currently six Disney parks in the world, located in California, Orlando, Tokyo, Paris, Hong Kong, and Shanghai. These six Disney parks are summarized in table 1.

Table 1: Disney resorts in the world

<table>
<thead>
<tr>
<th>Resort</th>
<th>City</th>
<th>Year</th>
<th>Area (Acre)</th>
<th>Theme parks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disneyland resort</td>
<td>California</td>
<td>1955</td>
<td>512</td>
<td>2</td>
</tr>
<tr>
<td>Walt Disney World</td>
<td>Orlando</td>
<td>1971</td>
<td>30500</td>
<td>4</td>
</tr>
<tr>
<td>Tokyo Disney resort</td>
<td>-</td>
<td>1983</td>
<td>494</td>
<td>2</td>
</tr>
<tr>
<td>Tokyo Disney Sea</td>
<td>-</td>
<td>2001</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disneyland Resort Paris</td>
<td>-</td>
<td>1992</td>
<td>4800</td>
<td>2</td>
</tr>
<tr>
<td>Hong Kong Disneyland</td>
<td>-</td>
<td>2005</td>
<td>310</td>
<td>1</td>
</tr>
<tr>
<td>Shanghai Disney</td>
<td>-</td>
<td>2016</td>
<td>287</td>
<td>8</td>
</tr>
</tbody>
</table>

Disney holds a significant position and has an edge in the worldwide theme park industry. There were 501 million visitors to the top 10 theme park groups in the world in 2018, with 31.39% of those visitors coming from the Disney Group, which had 157 million more visitors than the second-ranked Merlin Entertainment Group. Disney has a significant impact on the global theme park industry and has a much larger market share than any other company, having been the industry pioneer and explorer.

Disney theme park can always bring the most interesting experience for visitors. Disneyland’s theme changes throughout the year. It consistently provides a fresh experience and is a major lure for return tourists. For instance, fans of Elsa are the target audience for the Frozen theme. After the popularity of the Frozen movie faded, the theme was quickly replaced by a new trend theme. Disney Parks implement a business strategy of continuously adding new services, facilities and attractions to attract repeat customers.

In recent years, the development and industrialization of information technology has prompted the theme park industry to gradually form its own development trend. Science and technology are becoming more and more significant. With the acceleration of science and technology and the increasing popularity of information technology and virtual technology, Disney continues to improve the technological content of products and enhance the interaction between technology and tourists.

For example, projection-based augmented reality (AR) remains an important technology in Imagineering’s toolbox, helping to bring structures to life in theme park entertainment shows.

2.3 The streaming media of Disney

During the COVID-19 epidemic, streaming video became a part of many people's daily life at home, and consumption is still growing [6]. Disney deeply integrates the internal resources of the group, upgrades online communication channels by acquiring media and building streaming media platforms. Disney+, Hulu and ESPN+ are the online media streaming platforms launched by Disney Streaming Services. In 2019Disney formally acquired 21st Century Fox to enhance its content. Since then, Disney, Pixar, Marvel, Lucasfilm, Fox, and National Geographic have all joined the content system. This differentiated content makes Disney+ the second largest streaming platform in the world by subscribers, with its three streaming platforms, Disney+, Hulu and ESPN+, reaching a combined 221 million subscribers.

3 Disney’s IP

Currently, Disney has six content divisions: 20th Century Pictures, Pixar, Marvel, Star Wars, Disney, and National Geographic. Each part contains a significant amount of intellectual property (IP) and audio-visual entertainment content, broadening the product coverage beyond kids and teens to include a wider range of audiences.

Disney’s primary competency is strong IP. Disney can strengthen its intellectual property through acquisitions and mergers as well as independent research and development. The company’s autonomous intellectual property is primarily founded on thorough market segment study, with a particular emphasis on the topic of love and family, as well as a precise understanding of the demands of the female and child markets. For example, The Disney Princess line was launched in 2001 as an advertising and marketing effort aimed at young girls [7]. Simultaneously, the firm sought to address the gap in the male intellectual property demand market by acquiring Marvel and Lucasfilm. This move served to elevate the status of heroes, accentuate the allure of men, and bolster Disney’s brand recognition. Disney developed a comprehensive IP segmentation strategy and progressively widened its consumer base through in-depth market segment analysis.

Disney devotes the great majority of its resources including time and money to producing branded content of the highest caliber. At the same time, it makes the most of technology, first utilizing it to establish the framework for superior products and then employing increasingly sophisticated and focused methods of reaching more audience.

4 Disney’s 4P marketing strategy
4.1 Products

When people talk about Disney, the first thing that springs to mind are movies, but Disney has expanded to offer a wider range of products, such as: entertainment and music product line (including films, music, theater plays, etc.), media networks (including TV interviews, programs, radio broadcasts, etc.), theme parks and resort hotels (such as Disneyland and Disney-themed hotels), publications (including comics, games, etc.), accessories (such as keychains, hairpins, clothing, candies, etc.). Entertainment and music product line is the most well-known form of Disney products, with its rich story content and beautiful pictures deeply loved by the audience. As an offline theme park, Disneyland offers interactive entertainment experiences that bring audience face to face with animated characters. Games, derivatives, hotels, parks and software applications built around IP, toys and other merchandise based on movies and TV shows all make up a significant portion of Disney's revenue.

4.2 Price

Disney adopts market-responsive pricing and perceived-value pricing models for its offerings. Disney Cinematic and Broadcast: Competitive pricing approach - aligning prices with the prevailing market norms. Disney Recreation and Lodging: Experiential pricing model - setting rates based on the visitors' appraised value of the overall experience.

4.3 Promotion

Disney's promotional strategies extend beyond traditional outlets like Disney Stores and movie theaters to embrace digital platforms, including its official website, accessible through popular e-commerce giants like Taobao and Jingdong. Additionally, Disney leverages technology through apps and mini-programs, enhancing consumer engagement. Crucially, Disney's success is amplified by licensing its intellectual properties (IPs). It owns five of the top 10 global IPs, underscoring its supremacy in the IP licensing arena. With over 3,000 licensees globally, Disney licenses out its beloved characters for a multitude of products, generating significant revenue. To feature Disney characters, groups must secure authorization, a process that has proven lucrative for Disney. In fiscal 2022, while revenue from Disney's derivatives business slightly dipped by 1.1% to $5.28 billions, operating profit saw a healthy increase of 4.7%, reaching $2.81 billions. This strategic approach to promotions and licensing illustrates Disney's adaptive and profitable business model in the ever-evolving entertainment industry.

4.4 Place

Disney uses many sales strategies based on the audience and the product, such as: advertising sales (open screen advertising, outdoor advertising, etc.), direct sales (store direct sales, APP direct sales, official website direct sales) sponsorship (increase brand exposure through sponsorship) and discount sales (such as Ole stores, through box sets). As to public relations marketing such as holding activities, celebrity endorsement, public opinion and event marketing, is the most successful part of Disney's marketing strategy. Disney's many public relations marketing has become a classic case of marketing. With the popularity of Disney princess culture, Disney launched an activity quickly called witness the power of princesses. This event invited 19 female photographers from 15 different countries to use great women as role models to create a positive image, such as the youngest woman to address the United Nations and the surfing World champion from Brazil. For every photo shared online, Disney donated $1 to Girl Up.

In 2016, Disney released the trailer: Reboot from The Book of the Forest, and simultaneously released stills of the actors voicing the characters and a few seconds of film clips. The nostalgic movie immediately appealed to parents, helping it stay at the top of the box-office for three consecutive weeks. In 2018, to celebrate Mickey Mouse's 90th birthday, Disney opened a stunning immersive art exhibition - held at the Museum in New York, which in addition to introducing Disney's history, mainly showcases Mickey-themed artwork by contemporary artists. Interactive activities are also arranged: ice cream making and steamboat parade. In addition, Disney also took the opportunity to co-branding with fashion brand Vans and Forever 21, expanding Disney's visibility in the fashion field.

5 Disney's marketing strategy

5.1 Brand management strategy

Brilliant brand images are becoming increasingly important in today's marketplace for the longevity and success of items [7-9]. The Walt Disney Company is at the cutting edge of multinational entertainment branding. First of all, the Disneyland brand is instantly associated with happiness, creates a positive perception of the company and its products, and builds a solid international reputation—all of which contribute to a broad variety of customer aggregation effects. Second, brand management creates the benefit of industrial aggregation by quickening the group's growth. One of the key and efficient ways to hasten Disneyland's growth is through brand management, which can eliminate geographic constraints, increase the enterprise's counter-exhibition space, and grow the brand's market share in order to support the company's quick growth and start down the path to scale management.

5.2 Service winning strategy
Disneyland is well-known for its high degree of service excellence, and its service concept and standard have become a model for all types of businesses to emulate. In any event, guests' safety is Disneyland's fundamental value proposition. During holidays, when an increase in tourists flow causes congestion and disruption, personnel will take steps such as reducing the number of visitors and tourist mobility to ensure that visitors receive adequate service standards and for safety reasons. Disneyland is fastidious when it comes to employee courtesy. Disney expects its employees to be friendly, polite, and considerate when they serve their guests. In short, Disney has polished every detail of the service.

5.3 Product innovation strategy

Disney makes updates and changes all the time. Disneyland parks have been following the "three-three system" for a long time, which involves replacing one-third of the hardware equipment annually, starting one-third of new projects, and continuously bringing in new employees. Disney parks actively integrate their own intellectual property (IP) with regional features and cultures, updating their entertainment offerings and facilities annually to maintain their allure and offer visitors a novel experience. This bolsters the company's tagline, "the Disneyland that will never be built" [10].

5.4 Flexible pricing strategy

A low pricing is appropriate for theme parks near the resort region. Disneyland's pricing model is quite adaptable. The park uses differential pricing, regional pricing, and price adjustment strategies depending on multiple factorise such product sort, sales times, and location to make sure that the ticket price is reasonable for target customers. This strategy ensures that prices remain competitive and competitive, catering to different segments of the market. For example, during peak seasons or for exclusive attractions, prices might be higher to reflect the increased demand. Conversely, during off-peak times or for less popular attractions, prices might be reduced to encourage attendance. Additionally, residents of the region where the park is located might enjoy special discounted rates, fostering local patronage and community goodwill.

5.5 Marketing management strategy

Disney has a distinctive approach to marketing management, emphasizing "external marketing" to consumers after stressing "internal marketing" to staff. Disney tries to use internal marketing management to create a wonderful workplace where employees "enjoy work and work happily" in order to motivate them to provide exceptional customer service. Disney Park spends a fortune on traditional media like radio, television, and newspapers for external marketing, which is then supplemented by a range of marketing methods.

6 Conclusion

As to the part of global marketing, it is necessary to make appropriate adjustments to each marketing element according to the special factor of the market environment. Trying to use some localization decisions will be very important. For example, Europe Disney theme park’s sale is much lower than other Disney theme parks in terms of food and drink because it does not conform to the living habits of European people.

Disney is now the world's biggest producer of live-action and animated films. Disney is also widely regarded as the most powerful film company in Hollywood. The total number of Disney films that have broken 1 billion dollars worldwide is now 25, which is more than three times that of Warner and Universal, which rank second and third. Currently, Warner is Disney's main competitor in the North American market. As a veteran film production company, Warner also entered the field of animation at an early age. What’s more, Warner still owns the rights to the once-popular fantasy film Harry Potter. Although Harry Potter has ended, Warner can use its prequel and other stories to shoot another animation, which will undoubtedly enhance the status of Warner Company in the field of animation production.

What’s more, Disney also had to contend with a number of rivals in the amusement park industry such as Universal Studios, which has grown in popularity recently. There are numerous offline theme parks under the Universal Studios umbrella. Maybe they will be more exciting than Disney in the future.

References

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